

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Bridgeport Charter Township	County Saginaw
Audit Date December 31, 2004	Opinion Date March 18, 2005	Date Accountant Report Submitted to Sate:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable boxes for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL: 129/91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) Yeo & Yeo, P.C.			
Street Address 3023 Davenport	City Saginaw	State MI	ZIP 48605
Accountant Signature 			

**Bridgeport Charter Township**

**Saginaw County, Michigan**

**Annual Financial Statements  
and  
Auditors' Report**

**December 31, 2004**

## Table of Contents

<u>Section</u>	<u>Page</u>
1 <b>List of Elected and Appointed Officials</b>	1 - 1
2 <b>Independent Auditors' Report</b>	2 - 1
3 <b>Management's Discussion and Analysis</b>	3 - 1
4 <b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Assets	4 - 1
Statement of Activities	4 - 3
Fund Financial Statements	
Governmental Funds	
Balance Sheet	4 - 4
Reconciliation of Fund Balances of Governmental Funds to Net Assets of Governmental Activities	4 - 6
Statement of Revenues, Expenditures and Changes in Fund Balances	4 - 7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 - 9
Proprietary Funds	
Statement of Net Assets	4 - 10
Statement of Revenues, Expenses and Changes in Fund Net Assets	4 - 12
Statement of Cash Flows	4 - 14
Fiduciary Funds	
Statement of Net Assets	4 - 16
Statement of Changes in Net Assets	4 - 17
Notes to Financial Statements	4 - 18

<u>Section</u>	<u>Page</u>
<b>5 Required Supplemental Information</b>	
Budgetary Comparison Schedule	
General Fund	5 - 1
Refuse Collection Fund	5 - 4
<b>6 Other Supplemental Information</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet	6 - 1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	6 - 2
Component Unit – Downtown Development Authority	
Budgetary Comparison Schedule	6 - 4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6 - 5
Schedule of Indebtedness	6 - 6
<b>7 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</b>	
	7 - 1

**Bridgeport Charter Township**  
**List of Elected and Appointed Officials**  
**December 31, 2004**

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Township Board

Patrick Gilles - Supervisor

Marie Wuerfel - Treasurer

Lee G. Carpenter - Clerk

Richard A. Fisher - Trustee

Walter LaShore-Trustee

Frank Morrison-Trustee

Lisa A. Shaw-Scott-Trustee

Other Officers and Officials

Richard F. Dunnill - Township Manager



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Saginaw, MI 48602  
Phone (989) 793-9830 / (800) 968-0010  
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## Independent Auditors' Report

To the Township Board  
Bridgeport Charter Township  
Bridgeport, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Bridgeport Charter Township as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Bridgeport Charter Township as of December 31, 2004 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2005 on our consideration of the Bridgeport Charter Township internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bridgeport Charter Township's the basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Yeo & Yeo, P.C.*

March 18, 2005  
Saginaw, Michigan

## **Bridgeport Charter Township Management's Discussion and Analysis Year Ended December 31, 2004**

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Our discussion and analysis of the Bridgeport Charter Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2004. Please read it in conjunction with the Township's financial statements.

### **Financial Highlights**

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2004.

Total net assets related to the Township's governmental activities are \$5,534,383. The unrestricted portions of net assets are \$3,457,866 (see table of statement of net assets on the following page).

State revenue sharing, the Township's largest revenue source, was reduced by about \$41,369 by the State of Michigan this year. In light of continuing State Budget Problems, and constant threat to take away additional revenue sharing, the Township has reacted by invoking tighter controls over all expenditures. The Township hopes future increases in tax revenue will counteract the decreases in revenue sharing.

Tax revenues, the Township's second largest, increased approximately \$96,152 from FY 2003. This is representative of the limited new construction in the Township and the result of the total reappraisal of all Township property. Without substantial new development the Township will be faced with near stagnant tax revenue, a direct result of Proposal A, which is a major concern of the Township.

### **Using this Annual Report**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Bridgeport Charter Township as a whole and present a longer-term of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing governmental services.

The fund financial statements present a short term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

**Bridgeport Charter Township**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2004**

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**The Bridgeport Charter Township as a Whole**

The following table shows, in a condensed format, the statement of net assets as of December 31, 2004 with comparative totals for 2003.

	Governmental Activities		Business-type Activities	
	2004	2003	2004	2003
Current assets	\$ 3,807,889	\$ 4,011,590	\$ 3,887,190	\$ 3,580,845
Capital assets	<u>2,549,972</u>	<u>2,490,466</u>	<u>11,249,882</u>	<u>11,399,903</u>
Total assets	<u>6,357,861</u>	<u>6,502,056</u>	<u>15,137,072</u>	<u>14,980,748</u>
Current liabilities	277,751	188,411	67,547	50,445
Long term liabilities	<u>545,727</u>	<u>566,909</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>823,478</u>	<u>755,320</u>	<u>67,547</u>	<u>50,445</u>
Total net assets	<u>\$ 5,534,383</u>	<u>\$ 5,746,736</u>	<u>\$ 15,069,525</u>	<u>\$ 14,930,303</u>

The Township's net assets as of December 31, 2004 and 2003 for governmental activities are \$5,534,383 and \$5,746,736, respectively, of which \$3,457,866 and \$3,499,496 are unrestricted assets.

The Township's net assets as of December 31, 2004 and 2003 for business type activities are \$15,069,525 and \$14,930,303, respectively, of which \$3,819,643 and \$3,530,400 are unrestricted assets.

**Bridgeport Charter Township**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2004**

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	Governmental Activities		Business-type Activities	
	2004	2003	2004	2003
<b>Revenue</b>				
Program revenue				
Charges for services	\$ 790,108	\$ 816,738	\$ 2,188,815	\$ 2,339,322
Operating grants and contributions	19,703	9,867	-	-
Capital grants and contributions	91,741	-	247,889	-
General revenue:				
Property taxes	965,680	869,528	-	-
State-shared revenue	1,008,543	1,049,912	-	-
Unrestricted investment earnings	41,528	37,840	58,755	35,626
Gain (loss) on sale of capital assets	65,565	-	(9,304)	-
Miscellaneous revenue	69,041	246,189	-	243,523
Total revenue	<u>3,051,909</u>	<u>3,030,074</u>	<u>2,486,155</u>	<u>2,618,471</u>
<b>Program expenses</b>				
General government	575,185	907,504	-	-
Public safety	1,464,174	1,094,562	-	-
Public works	952,742	1,074,868	-	-
Community and economic development	19,595	38,709	-	-
Recreation and culture	142,624	126,334	-	-
Other	81,269	-	-	-
Interest on long-term debt	28,673	32,266	-	-
Water and sewer	-	-	2,346,933	2,357,713
Total program expenses	<u>3,264,262</u>	<u>3,274,243</u>	<u>2,346,933</u>	<u>2,357,713</u>
<b>Change in net assets</b>	<u>\$ (212,353)</u>	<u>\$ (244,169)</u>	<u>\$ 139,222</u>	<u>\$ 260,758</u>

# **Bridgeport Charter Township Management's Discussion and Analysis Year Ended December 31, 2004**

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## **Governmental Activities**

The Township's total governmental activity revenues were \$3,051,909. There was a decrease in State-shared revenue, which has been offset with an increase in property taxes.

Governmental activity expenditures of \$3,264,262 were recorded for the year. This included increases in health care costs and property and liability insurance rates. To offset these increases in cost, the Township closely monitored its spending in all other areas.

## **Business Type Activities**

The Bridgeport Charter Township's business-type activities consist of Water Fund, Sewer Fund, and Internal Service Fund. The water and sewer funds are both major funds.

The Township provides treated water to the Township residents. The treated water is purchased from the City of Saginaw Water Supply System. The Township water supply system does not currently have any revenue or general obligation bond debt. During fiscal year 2004 the volume of water distributed to residents of the Township decreased by 10,000,000 gallons.

The Township also provides municipal sanitary sewer to 3,246 homes and business customers.

The Township has not increased the water rate since 2001. Sewer rates have been increased annually at the rate of inflation. The Township anticipates increasing water rates in fiscal year 2005 due to proposed rate increases from the City of Saginaw's recently released rate study. In addition, any increased mandated requirements being passed by the State and Federal legislation will be passed on to users of the system.

## **Bridgeport Charter Township Funds**

The fund financial statements provide detailed information about the most significant funds, not the Bridgeport Charter Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as show accountability for certain activities. The Township's major governmental funds include the General Fund, and Refuse Collection Fund.

### **a) General Fund**

Functions relating to the general governmental activities of the Township, which are financed by property tax levies, by distribution of State revenues, and from fees charged for various municipal activities and services are recorded in the General Fund. The Township Board's approved budget for the 2004 fiscal year included the use of \$341,630 of the fund balance in the General fund, of which the Township actually used \$290,468 and left \$2,283,742 in fund balance at year end.

**Bridgeport Charter Township  
Management's Discussion and Analysis  
Year Ended December 31, 2004**

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**b) Refuse Collection Fund**

The Refuse Collection Fund accounts for the revenue and expenditures with the governments refuse collection operation. The Township Board's approved budget for the 2004 fiscal year included the use of \$38,275 of the fund balance in the Refuse Collection fund, of which the Township actually used \$25,523 and left \$497,055 in fund balance at year end.

**General Fund Budgetary Highlights**

Over the course of the year, the Township Board and Township Manager monitor and amend the budget to account for unanticipated events during the year. The most significant change was a decrease in State shared revenue, additional State and Federal unfunded mandates, and increased employee benefit costs. Prudent budgeting and continued monitoring of all expenditures reduced the effect of these issues. When taking into account the planned use of a portion of the Township's general fund balance, the Township's departments overall stayed below budget by \$51,162. The combined efforts of the Township's departments resulted in the Township dipping into fund balance for \$290,468 versus \$341,630 if departmental cuts had not been carried out.

**Capital Asset and Debt Administration**

At the end of 2004 the Township has \$13,126,736 invested in a wide range of capital assets, including land, buildings, equipment, computer equipment, and water and sewer lines.

The purchase of a Toyne Pumper for \$134,160 and the completion of the Iowa water main replacement project of \$290,833 were the only significant changes in capital assets during 2004. Currently the Township does not anticipate any additional capital expenditures. The Township has not experienced any changes in its credit rating nor has it taken on any new debt during fiscal year 2004.

Bridgeport Charter Township does not use the alternative method for reporting infrastructure.

Debt reported in these financial statements is related to the construction of the above-mentioned assets and buildings and is reported as a liability on the statement of net assets.

**Bridgeport Charter Township  
Management's Discussion and Analysis  
Year Ended December 31, 2004**

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**Economic Factors and Next Year's Budgets and Rates**

The Township's budget for next year includes an approximate five percent decrease. The decreases are a result of belt tightening in all general fund departments. However, the Township needs to continue to monitor its budget very closely. The state-wide Tax Reform Act limits growth in taxable value on any individual property to the lesser of inflation or five (5) percent. Because some properties increase by less than inflation, the mathematical result of this is that the total taxable value of the Township will grow less than inflation, before considering new property additions. State revenue-sharing payments were decreased again this year with the potential to decrease again in FY 2005 due to State cutbacks and less sales tax receipts at the State level. These factors, coupled with recent decreases from historical norms in other revenues, including charges for services and interest on investments, continue to have a concern on the Township's ability to balance its budget.

Despite these concerns, the Township will continue to operate as efficiently as possible in the next fiscal year. With a decreased amount of funds budgeted for capital improvements and the capping of employee health benefits, the Township is hopeful to offset the decrease in revenues that will continue to exist.

To encourage additional growth the Township has taken advantage of all available grant opportunities. While a financial match is often required of the Township for grant funded projects, the Township has taken a fiscally responsible approach of ensuring adequate funds are available for such projects. In addition, the Township has continued to view economic development as a primary focus. While economic concerns are often left behind in difficult financial times, the Township has taken the approach that without ensuring a solid future tax base the tough times will continue to exist.

**Contacting the Bridgeport Charter Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Bridgeport Charter Township's finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Township.

**Bridgeport Charter Township**  
**Statement of Net Assets**  
**December 31, 2004**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 569,668	\$ 404,018	\$ 973,686	\$ 17,849
Investments	1,303,268	3,129,334	4,432,602	771,885
Receivables				
Taxes	1,430,515	3,008	1,433,523	336,415
Customers	8,846	236,436	245,282	-
Special assessments	-	5,334	5,334	-
Accrued interest and other	13,086	19,300	32,386	4,700
Due from other units of government	359,438	-	359,438	-
Internal balances	1,826	(1,826)	-	-
Inventories	5,580	72,476	78,056	-
Prepaid items	115,662	19,110	134,772	5,638
Capital assets, net	<u>2,549,972</u>	<u>11,249,882</u>	<u>13,799,854</u>	<u>151,380</u>
 Total assets	 <u>6,357,861</u>	 <u>15,137,072</u>	 <u>21,494,933</u>	 <u>1,287,867</u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Statement of Net Assets**  
**December 31, 2004**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Accounts payable	\$ 173,209	\$ 44,947	\$ 218,156	\$ 2,911
Accrued and other liabilities	2,874	-	2,874	8,800
Due to other units of government	25,030	-	25,030	-
Deferred revenue	3,547	-	3,547	-
Noncurrent liabilities				
Due within one year	73,091	22,600	95,691	46,900
Due in more than one year	545,727	-	545,727	1,225,000
 Total liabilities	 823,478	 67,547	 891,025	 1,283,611
<b>Net Assets</b>				
Invested in capital assets, net of related debt	1,876,854	11,249,882	13,126,736	-
Restricted for:				
Debt	199,663	-	199,663	-
Unrestricted	3,457,866	3,819,643	7,277,509	4,256
 Total net assets	 \$ 5,534,383	 \$ 15,069,525	 \$ 20,603,908	 \$ 4,256

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Statement of Activities**  
**For the Year Ended December 31, 2004**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Functions/Programs								
<b>Primary government</b>								
Governmental activities								
General government	\$ 575,185	\$ 61,202	\$ -	\$ -	\$ (513,983)	\$ -	\$ (513,983)	\$ -
Public safety	1,464,174	125,904	9,135	91,741	(1,237,394)	-	(1,237,394)	-
Public works	952,742	533,699	10,568	-	(408,475)	-	(408,475)	-
Community and economic development	19,595	1,385	-	-	(18,210)	-	(18,210)	-
Recreation and culture	142,624	18,610	-	-	(124,014)	-	(124,014)	-
Other functions	81,269	-	-	-	(81,269)	-	(81,269)	-
Interest on long-term debt	28,673	49,308	-	-	20,635	-	20,635	-
Total governmental activities	3,264,262	790,108	19,703	91,741	(2,362,710)	-	(2,362,710)	-
Business-type activities								
Sewer	1,172,951	867,053	-	152,025	-	(153,873)	(153,873)	-
Water	1,173,982	1,321,762	-	95,864	-	243,644	243,644	-
Total business-type activities	2,346,933	2,188,815	-	247,889	-	89,771	89,771	-
Total primary government	<u>\$ 5,611,195</u>	<u>\$ 2,978,923</u>	<u>\$ 19,703</u>	<u>\$ 339,630</u>	<u>(2,362,710)</u>	<u>89,771</u>	<u>(2,272,939)</u>	<u>-</u>
<b>Component unit</b>								
Downtown Development Authority	\$ 206,510	\$ -	\$ -	\$ -				(206,510)
General revenues								
Property taxes					965,680	-	965,680	308,769
State shared revenue					1,008,543	-	1,008,543	-
Unrestricted investment earnings					41,528	58,755	100,283	11,495
Gain (loss) on sale of capital assets					65,565	(9,304)	56,261	4,700
Miscellaneous					69,041	-	69,041	18,182
Total general revenues and transfers					2,150,357	49,451	2,199,808	343,146
Change in net assets					(212,353)	139,222	(73,131)	136,636
Net assets (liabilities) - beginning of year					4,884,240	14,930,303	19,814,543	(182,380)
Prior period adjustment					862,496	-	862,496	50,000
Net assets - beginning of year (restated)					5,746,736	14,930,303	20,677,039	(132,380)
Net assets - end of year					<u>\$ 5,534,383</u>	<u>\$ 15,069,525</u>	<u>\$ 20,603,908</u>	<u>\$ 4,256</u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2004**

		Special Revenue Fund		
	General	Refuse Collection	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 128,540	\$ 64,581	\$ 311,301	\$ 504,422
Investments	983,503	97,167	-	1,080,670
Receivables				
Taxes	964,700	424,005	41,810	1,430,515
Customers	8,807	39	-	8,846
Accrued interest and other	7,700	200	-	7,900
Due from other units of government	359,438	-	-	359,438
Due from other funds	4,386	-	-	4,386
Prepaid items	62,189	44,868	5,602	112,659
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total assets	\$ 2,519,263	\$ 630,860	\$ 358,713	\$ 3,508,836
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2004**

	General	Special Revenue Fund Refuse Collection	Other Governmental Funds	Total Governmental Funds
<b>Liabilities</b>				
Accounts payable	\$ 89,771	\$ 79,019	\$ 1,920	\$ 170,710
Accrued and other liabilities	574	-	-	574
Due to other units of government	25,030	-	-	25,030
Deferred revenue	<u>120,146</u>	<u>54,786</u>	<u>8,530</u>	<u>183,462</u>
Total liabilities	<u>235,521</u>	<u>133,805</u>	<u>10,450</u>	<u>379,776</u>
<b>Fund Balances</b>				
Reserved for:				
Debt service	-	-	199,663	199,663
Unreserved				
Designated for:				
Police department	31,509	-	-	31,509
Bridge	37,500	-	-	37,500
Fire safety house	1,026	-	-	1,026
Drains	41,873	-	-	41,873
Roads	284,982	-	-	284,982
Government center	42,366	-	-	42,366
Township property	46,193	-	-	46,193
Training	805	-	-	805
Unreserved, reported in:				
General fund	1,797,488	-	-	1,797,488
Special revenue funds	-	497,055	16,368	513,423
Capital project funds	<u>-</u>	<u>-</u>	<u>132,232</u>	<u>132,232</u>
Total fund balances	<u>2,283,742</u>	<u>497,055</u>	<u>348,263</u>	<u>3,129,060</u>
Total liabilities and fund balances	<u>\$ 2,519,263</u>	<u>\$ 630,860</u>	<u>\$ 358,713</u>	<u>\$ 3,508,836</u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Governmental Funds**  
**Reconciliation of Fund Balances of Governmental Funds**  
**to Net Assets of Governmental Activities**  
**December 31, 2004**

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<b>Total fund balances for governmental funds</b>	<b>\$ 3,129,060</b>
Total net assets for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,298,490
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	179,915
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(2,300)
Compensated absences	(52,000)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	(566,818)
Internal service funds are included as part of governmental activities.	<u>548,036</u>
<b>Net assets of governmental activities</b>	<b><u><u>\$ 5,534,383</u></u></b>

**Bridgeport Charter Township**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2004**

		Special Revenue Fund	Other Governmental Funds	Governmental Funds Total
	General	Refuse Collection		
<b>Revenues</b>				
Taxes	\$ 960,553	\$ -	\$ -	\$ 960,553
Licenses and permits	541	-	97,906	98,447
Federal grants	91,741	-	-	91,741
State revenue sharing	1,008,543	-	-	1,008,543
Other state grants	19,703	-	-	19,703
Charges for services	87,421	468,360	12,185	567,966
Fines and forfeitures	22,502	-	4,955	27,457
Interest income	22,418	2,847	3,777	29,042
Rental income	46,929	-	-	46,929
Other revenue	58,756	10,272	49,322	118,350
Total revenues	2,319,107	481,479	168,145	2,968,731

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2004**

		Special Revenue Fund		
	General	Refuse Collection	Other Governmental Funds	Governmental Funds Total
<b>Expenditures</b>				
Current				
General government	\$ 466,758	\$ -	\$ 73,440	\$ 540,198
Public safety	1,153,212	-	210,822	1,364,034
Public works	434,424	507,002	-	941,426
Community and economic development	15,704	-	-	15,704
Recreation and culture	127,306	-	-	127,306
Other functions	73,795	-	-	73,795
Capital outlay	235,676	-	12,478	248,154
Debt service				
Principal retirement	-	-	21,091	21,091
Interest and fiscal charges	-	-	28,773	28,773
Total expenditures	<u>2,506,875</u>	<u>507,002</u>	<u>346,604</u>	<u>3,360,481</u>
Excess (deficiency) of revenues over expenditures	<u>(187,768)</u>	<u>(25,523)</u>	<u>(178,459)</u>	<u>(391,750)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	170,300	170,300
Transfers out	(170,300)	-	-	(170,300)
Sale of fixed assets	67,600	-	-	67,600
Total other financing sources and uses	<u>(102,700)</u>	<u>-</u>	<u>170,300</u>	<u>67,600</u>
Net change in fund balance	<u>(290,468)</u>	<u>(25,523)</u>	<u>(8,159)</u>	<u>(324,150)</u>
Fund balance - beginning of year	2,397,147	522,578	356,422	3,276,147
Prior period adjustment	177,063	-	-	177,063
Fund balance - beginning of year restated	<u>2,574,210</u>	<u>522,578</u>	<u>356,422</u>	<u>3,453,210</u>
Fund balance - end of year	<u>\$ 2,283,742</u>	<u>\$ 497,055</u>	<u>\$ 348,263</u>	<u>\$ 3,129,060</u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2004**

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**Net change in fund balances - Total governmental funds** \$ (324,150)

Total change in net assets reported for governmental activities in the statement of activities  
is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those  
assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(170,923)
Capital outlay	261,925
Sale of capital assets	(200)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue  
in the funds.

Property taxes	5,127
Other revenue	7,900

Expenses are recorded when incurred in the statement of activities

Accrued interest	100
Compensated absences	(6,600)

Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in  
fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not  
affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds  
but reduces the liability in the statement of net assets.

Repayments of long-term debt	21,091
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Internal service funds are also included as governmental activities	<u>(6,623)</u>
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<b>Change in net assets of governmental activities</b>	<b><u>\$ (212,353)</u></b>
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See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Proprietary Funds**  
**Statement of Net Assets**  
**December 31, 2004**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 215,888	\$ 188,130	\$ 404,018	\$ 65,246
Investments	2,325,672	803,662	3,129,334	222,598
Receivables				
Taxes	-	3,008	3,008	-
Customers	85,078	151,358	236,436	-
Special assessments, current	818	-	818	-
Accrued interest and other	17,100	2,200	19,300	800
Inventories	-	72,476	72,476	5,580
Prepaid items	9,984	9,126	19,110	3,003
Total current assets	<u>2,654,540</u>	<u>1,229,960</u>	<u>3,884,500</u>	<u>297,227</u>
Noncurrent assets				
Special assessments receivable, deferred	4,516	-	4,516	-
Capital assets, net	<u>5,867,033</u>	<u>5,382,849</u>	<u>11,249,882</u>	<u>251,482</u>
Total noncurrent assets	<u>5,871,549</u>	<u>5,382,849</u>	<u>11,254,398</u>	<u>251,482</u>
Total assets	<u>8,526,089</u>	<u>6,612,809</u>	<u>15,138,898</u>	<u>548,709</u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Proprietary Funds**  
**Statement of Net Assets**  
**December 31, 2004**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 5,238	\$ 39,709	\$ 44,947	\$ 2,499
Accrued and other liabilities	12,600	10,000	22,600	-
Total current liabilities	17,838	49,709	67,547	2,499
Total liabilities	17,838	49,709	67,547	2,499
<b>Net Assets</b>				
Invested in capital assets, net of related debt	5,867,033	5,382,849	11,249,882	251,482
Unrestricted	2,641,218	1,180,251	3,821,469	294,728
Total net assets	\$ 8,508,251	\$ 6,563,100	15,071,351	\$ 546,210
Some amounts reported for business-type activities in the statement of net assets are different because certain internal service funds assets and liabilities are reported with business-type activities			(1,826)	
Net assets of business-type activities			\$ 15,069,525	

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Year Ended December 31, 2004**

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
<b>Operating revenue</b>				
Customer fees	\$ 867,053	\$ 1,320,586	\$ 2,187,639	\$ 25,420
Billings to other funds	-	-	-	147,660
Other revenue	-	1,176	1,176	11,433
Total operating revenue	867,053	1,321,762	2,188,815	184,513
<b>Operating expenses</b>				
Personal services	515,051	279,708	794,759	41,316
Supplies	52,665	433,934	486,599	5,874
Contractual services	9,923	24,789	34,712	6,189
Utilities	73,978	-	73,978	-
Repairs and maintenance	27,573	108,196	135,769	34,301
Other expenses	88,822	57,774	146,596	34,795
Depreciation	403,707	268,987	672,694	73,238
Total operating expenses	1,171,719	1,173,388	2,345,107	195,713
Operating income (loss)	(304,666)	148,374	(156,292)	(11,200)
<b>Nonoperating revenue (expenses)</b>				
Interest income	53,835	4,920	58,755	4,586
Gain (loss) on disposal of assets	(9,304)	-	(9,304)	(1,835)
Total nonoperating revenues (expenses)	44,531	4,920	49,451	2,751

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Year Ended December 31, 2004**

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	
Income (loss) before contributions	\$ (260,135)	\$ 153,294	\$ (106,841)	\$ (8,449)
Capital contributions	<u>152,025</u>	<u>95,864</u>	<u>247,889</u>	<u>-</u>
Change in net assets	(108,110)	249,158	141,048	(8,449)
Net assets - beginning of year	<u>8,616,361</u>	<u>6,313,942</u>	<u>14,930,303</u>	<u>554,659</u>
Net assets - end of year	<u><u>\$ 8,508,251</u></u>	<u><u>\$ 6,563,100</u></u>	15,071,351	<u><u>\$ 546,210</u></u>
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities			<u>(1,826)</u>	
Change in net assets of business-type activities			<u><u>\$ 15,069,525</u></u>	

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2004**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	<u>Equipment</u>
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 912,576	\$ 1,368,694	\$ 2,281,270	\$ 37,253
Receipts from interfund users	-	-	-	147,660
Receipts from other funds	50,000	-	50,000	-
Payments to other funds	-	(50,000)	(50,000)	-
Payments to suppliers	(231,618)	(600,863)	(832,481)	(80,016)
Payments to employees	(503,351)	(270,408)	(773,759)	(41,316)
Payments for interfund services used	(18,925)	(9,098)	(28,023)	-
Net cash provided by operating activities	<u>208,682</u>	<u>438,325</u>	<u>647,007</u>	<u>63,581</u>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from special assessments	6,242	-	6,242	-
Capital contributions	152,025	95,864	247,889	-
Purchases/construction of capital assets	(173,121)	(359,356)	(532,477)	(44,170)
Proceeds from sale of capital assets	<u>500</u>	<u>-</u>	<u>500</u>	<u>393</u>
Net cash used by capital and related financing activities	<u>(14,354)</u>	<u>(263,492)</u>	<u>(277,846)</u>	<u>(43,777)</u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2004**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	<u>Equipment</u>
<b>Cash flows from investing activities</b>				
Proceeds from sales and maturities of investments	\$ (104,252)	\$ (231,349)	\$ (335,601)	\$ (19,157)
Interest received	<u>32,535</u>	<u>(5,480)</u>	<u>27,055</u>	<u>3,386</u>
Net cash used by investing activities	<u>(71,717)</u>	<u>(236,829)</u>	<u>(308,546)</u>	<u>(15,771)</u>
Net increase (decrease) in cash and cash equivalents	122,611	(61,996)	60,615	4,033
Cash and cash equivalents - beginning of year	<u>93,277</u>	<u>250,126</u>	<u>343,403</u>	<u>61,213</u>
Cash and cash equivalents - end of year	<u>\$ 215,888</u>	<u>\$ 188,130</u>	<u>\$ 404,018</u>	<u>\$ 65,246</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (304,666)	\$ 148,374	\$ (156,292)	\$ (11,200)
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization expense	403,707	268,987	672,694	73,238
Changes in assets and liabilities				
Receivables (net)	45,523	46,932	92,455	400
Due from other funds	50,000	-	50,000	-
Inventories	-	20,305	20,305	(1,090)
Prepaid items	(88)	831	743	70
Accounts payable	1,606	(7,104)	(5,498)	2,163
Accrued and other liabilities	12,600	10,000	22,600	-
Due to other funds	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 208,682</u>	<u>\$ 438,325</u>	<u>\$ 647,007</u>	<u>\$ 63,581</u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Fiduciary Funds**  
**Statement of Net Assets**  
**December 31, 2004**

	Deferred Compensation Fund	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 2,417,255
Investments	346,178	-
Receivables		
Taxes	-	273,538
	<u>346,178</u>	<u>273,538</u>
Total assets	<u>346,178</u>	<u>\$ 2,690,793</u>
<b>Liabilities</b>		
Accrued and other liabilities	-	\$ 75,997
Due to other funds	-	4,386
Due to other units of government	-	2,609,863
Deferred revenue	-	547
	<u>-</u>	<u>2,690,793</u>
Total liabilities	<u>-</u>	<u>\$ 2,690,793</u>
<b>Net Assets</b>		
Held in trust for pension benefits and other purposes	<u>\$ 346,178</u>	

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Fiduciary Funds**  
**Statement of Changes in Net Assets**  
**For the Year Ended December 31, 2004**

	Deferred Compensation Fund
<b>Additions</b>	
Contributions	
Plan members	\$ 9,681
Total contributions	<u>9,681</u>
Investment earnings	
Interest	<u>22,630</u>
Total investment earnings	22,630
Less investment expense	<u>-</u>
Net investment earnings	<u>22,630</u>
Total additions	<u>32,311</u>
<b>Deductions</b>	
Benefits	4,164
Administrative expenses	<u>1,833</u>
Total deductions	<u>5,997</u>
Change in net assets	26,314
Net assets - beginning of year	<u>319,864</u>
Net assets - end of year	<u><u>\$ 346,178</u></u>

See Accompanying Notes to Financial Statements

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2004**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting entity**

Bridgeport Charter Township is governed by an elected seven-member Board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

**Discretely Presented Component Units** – The component unit column in the entity wide financial statements include the financial data of the Township's Downtown Development Authority. This unit is reported in a separate column to emphasize that it is legally separate from the Township. The members of the Governing Board of the Downtown Development Authority are appointed by the Township Board. The budgets and expenditures of the Downtown Development Authority must be approved by the Township Board. The Township also has the ability to significantly influence operations of the Downtown Development Authority. The Downtown Development Authority does not issue any other form of financial statements except as contained in the Bridgeport Charter Township annual financial statements.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant

extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2004**

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Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Refuse Collection Fund accounts for the revenue and expenditures with the government's refuse collection operation.

The government reports the following major proprietary funds:

The Water Fund and the Sewer Fund account for the activities of the water distribution system and sewage collection system.

Additionally, the government reports the following:

Internal Service Funds accounts for major machinery and equipment purchases and maintenance provided to other departments of the government on a cost reimbursement basis.

The Deferred Compensation Trust Fund accounts for amounts withheld from employees' pay in accordance with the Internal Revenue Code section 457.

Trust and Agency Fund and Current Tax Collection Fund accounts for property tax and other deposits collected on behalf of other units and individuals.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

# Bridgeport Charter Township

## Notes to Financial Statements

### December 31, 2004

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Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government Enterprise Fund, of the Electric Enterprise Fund, and the government's Internal Service Funds are charges to customers for sales and services. The government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **Assets, liabilities, and net assets or equity**

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity

between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

The 2004 taxable valuation of the government totaled \$202,261,420, on which ad valorem taxes consisted of 4.7843 mills for operating purposes. This resulted in \$876,170 for operating expenses, exclusive of any Michigan Tax Tribunal or Board of Review adjustments. In addition, the taxable valuation of the IFT totaled \$5,778,453, on which taxes consisted of 2.3922 mills. This provided \$3,723 for expenses.

Inventories and prepaid items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2004**

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The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair value of the item at the date of its donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Water and sewer system	50 to 75 years
Machinery and equipment	3 to 7 years
Vehicles	3 to 5 years

Compensated absences – It is the Township's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purposes. Designations of fund balance represent tentative management plans that are subject to change.

### **Comparative data**

Comparative data is not included in the Township's financial statements.

## **NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **Budgetary information**

The Township is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

# Bridgeport Charter Township

## Notes to Financial Statements

### December 31, 2004

Prior to September 1, the Township Supervisor submits to the Township board a proposed operating budget for the fiscal year commencing the following January 1. Public hearings are obtained to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to November 1.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The Township Clerk is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Township Board.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received or services rendered.

#### Excess of expenditures over appropriations

The Township incurred expenditures in excess of budget in the General Fund. Excess expenditures in this fund occurred in the following areas:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund			
General government	\$ 461,220	\$ 466,758	\$ 5,538
Recreation and culture	123,715	127,306	3,591
Other functions	72,675	73,795	1,120
Capital outlay	225,370	235,676	10,306

#### NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91 authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office

in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The governing body has designated three banks for the deposit of local unit funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Governmental activities	\$ 569,668	\$ 1,303,268
Business-type activities	<u>404,018</u>	<u>3,129,334</u>
Total primary government	973,686	4,432,602
Fiduciary funds	2,417,255	346,178
Component unit	<u>17,849</u>	<u>771,885</u>
Total	<u>\$ 3,408,790</u>	<u>\$ 5,550,665</u>

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2004**

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Unit
Bank deposits (checking and savings accounts, certificates of deposit)	\$ 4,708,244	\$ 2,417,255	\$ 789,734
Investments in securities, mutual funds and similar vehicles	696,484	346,178	-
Petty cash and cash on hand	<u>1,560</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,406,288</u>	<u>\$ 2,763,433</u>	<u>\$ 789,734</u>

### Deposits

The bank balance was \$ 8,700,845 at year end. Of the bank balance, \$ 1,181,563 was covered by federal depository insurance and 7,519,282 was uninsured and uncollateralized. Since the component unit participates in the government's common cash, the federal depository insurance is not specifically allocated to their balance.

### Investments

Investments are classified into three categories to give an indication of the level of risk assumed by the government. Category 1 includes investments that are insured or registered or for which the securities are held by the government or its agency in the government's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agency in the government's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the government's name.

At year-end, investment balances were categorized as follows:

	Category			Reported Amount (Fair Value)
	1	2	3	
Primary government				
U.S. Treasuries	<u>\$ 504,089</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 504,089
Investments not subject to categorization				
Mutual funds				<u>192,395</u>
				<u>\$ 696,484</u>
Fiduciary Funds				
Investments not subject to categorization				
457 deferred compensation plan				<u>\$ 346,178</u>

### NOTE 4 - RECEIVABLE

All receivables are expected to be collected within on year.

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

# Bridgeport Charter Township

## Notes to Financial Statements

### December 31, 2004

	<u>Unavailable</u>	<u>Unearned</u>
<b>Primary government</b>		
Grants	\$ -	\$ 3,547
Property taxes	172,015	-
Other revenue	7,900	-
	<u>\$ 179,915</u>	<u>\$ 3,547</u>
 <b>Component unit</b>		
Property taxes	\$ 51,680	\$ -
Other revenue	4,700	-
	<u>\$ 56,380</u>	<u>\$ -</u>

#### NOTE 5 - CAPITAL ASSETS

Capital assets activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 503,090	\$ -	\$ 200	\$ 502,890
Total capital assets not being depreciated	503,090	-	200	502,890
Capital assets being depreciated				
Land improvements	741,587	7,817	136,392	613,012
Buildings, additions and improvements	1,711,695	16,605	-	1,728,300
Machinery and equipment	1,947,409	246,685	362,879	1,831,215
Vehicles	803,855	34,988	12,511	826,332
Total capital assets being depreciated	5,204,546	306,095	511,782	4,998,859
Less accumulated depreciation for				
Land improvements	500,793	19,444	136,392	383,845
Buildings, additions and improvements	1,019,889	45,369	-	1,065,258
Machinery and equipment	1,323,121	116,200	360,762	1,078,559
Vehicles	373,367	63,148	12,400	424,115
Total accumulated depreciation	3,217,170	244,161	509,554	2,951,777
Net capital assets being depreciated	1,987,376	61,934	2,228	2,047,082
Governmental activities capital assets, net	\$ 2,490,466	\$ 61,934	\$ 2,428	\$ 2,549,972

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 29,110	\$ -	\$ -	\$ 29,110
Construction in progress	-	24,860	-	24,860
Total capital assets not being depreciated	29,110	24,860	-	53,970
Capital assets being depreciated				
Machinery and equipment	4,006,634	35,368	80,300	3,961,702
Water system	8,573,669	334,496	-	8,908,165
Sewer system	8,162,653	137,753	-	8,300,406
Total capital assets being depreciated	20,742,956	507,617	80,300	21,170,273
Less accumulated depreciation for				
Machinery and equipment	2,706,192	209,882	70,496	2,845,578
Water system	3,727,141	241,821	-	3,968,962
Sewer system	2,938,830	220,991	-	3,159,821
Total accumulated depreciation	9,372,163	672,694	70,496	9,974,361
Net capital assets being depreciated	11,370,793	(165,077)	9,804	11,195,912
Business-type capital assets, net	\$ 11,399,903	\$ (140,217)	\$ 9,804	\$ 11,249,882

Capital assets activity of the component unit for the current year was as follows:

<b>Component Unit</b>				
Capital assets not being depreciated				
Land	\$ 151,380	\$ -	\$ -	\$ 151,380
Total capital assets not being depreciated	151,380	-	-	151,380
Component unit capital assets, net	\$ 151,380	\$ -	\$ -	\$ 151,380

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2004**

Depreciation expense was charged to programs of the primary government as follows:

**Governmental activities**

General government	\$ 33,173
Public safety	108,804
Public works	9,905
Community and economic development	3,891
Recreation and culture	15,150

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets

73,238

Total governmental activities 244,161

**Business-type activities**

Sewer	403,707
Water	<u>268,987</u>

Total business-type activities 672,694

Total primary government \$ 916,855

**NOTE 7 - LEASES**

**Operating Leases**

The government leases a mailing machine and copier under noncancelable operating leases. Total costs for such leases were 2,771 for the year ending December 31, 2004. The future minimum lease payments for these leases are as follows:

<u>Year ending December 31,</u>	
2005	\$ 3,912
2006	3,912
2007	3,912
2008	<u>2,445</u>
	<u>\$ 14,181</u>

**NOTE 6 - INTERFUND TRANSFERS**

The details for interfund transfers are as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
General	Other governmental funds	<u>\$ 170,300</u>

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2004**

**NOTE 8 - LONG-TERM DEBT**

The government issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Installment purchase agreements are also general obligations of the government. Other long-term obligations include compensated absences. Compensated absences are typically liquidated with funds from the General Fund, Sewer Fund and Water Fund.

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>									
Bonds payable									
General obligation bonds									
1998 Drain Bonds	\$ 825,000	2018	4.750 - 6.800%	\$21,091 - \$42,182	\$ 587,909	\$ -	\$ 21,091	\$ 566,818	\$ 21,091
Compensated absences					<u>45,400</u>	<u>6,600</u>	<u>-</u>	<u>52,000</u>	<u>52,000</u>
Total governmental activities					<u>\$ 633,309</u>	<u>\$ 6,600</u>	<u>\$ 21,091</u>	<u>\$ 618,818</u>	<u>\$ 73,091</u>
<b>Business-type activities</b>									
Compensated absences					<u>\$ 17,700</u>	<u>\$ 4,900</u>	<u>\$ -</u>	<u>\$ 22,600</u>	<u>\$ 22,600</u>
<b>Component units</b>									
General obligation bonds									
Downtown development bonds series 2002	\$ 1,365,000	2022	2.500 - 4.800%	\$45,000 - \$110,000	\$ 1,315,000	\$ -	\$ 45,000	\$ 1,270,000	\$ 45,000
Compensated absences					<u>681</u>	<u>1,219</u>	<u>-</u>	<u>1,900</u>	<u>1,900</u>
Total component units					<u>\$ 1,315,681</u>	<u>\$ 1,219</u>	<u>\$ 45,000</u>	<u>\$ 1,271,900</u>	<u>\$ 46,900</u>

**Bridgeport Charter Township**  
**Notes to Financial Statements**  
**December 31, 2004**

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2005	\$ 21,091	\$ 27,519
2006	42,182	26,014
2007	42,182	24,012
2008	42,182	22,008
2009	42,182	19,963
2010-2014	210,910	68,534
2015-2019	<u>166,089</u>	<u>16,874</u>
	<u>\$ 566,818</u>	<u>\$ 204,924</u>

Year Ending December 31,	Component Unit	
	Principal	Interest
2005	\$ 45,000	\$ 52,093
2006	45,000	50,855
2007	50,000	49,430
2008	50,000	47,805
2009	55,000	45,899
2010-2014	310,000	195,326
2015-2019	405,000	120,788
2020-2022	<u>310,000</u>	<u>22,914</u>
	<u>\$ 1,270,000</u>	<u>\$ 585,110</u>

**NOTE 9 - RISK MANAGEMENT**

The government is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The government has purchased commercial insurance for all claims.

Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS**

**Defined benefit pension plan**

Plan description – The government participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the government. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 447 N. Canal Rd., Lansing, Michigan 48917.

Funding policy – The obligation to contribute to and maintain the system for these employees was established by negotiation with the government's competitive bargaining units and requires a contribution from the employees of 6 percent of gross wages for General, and Police and Fire employees.

Annual pension costs – For year ended 2004, the government's annual pension cost of \$182,478 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2003, using the entry actual age cost method. Significant actuarial assumptions used include: 1) an 8% investment rate of return; 2) projected salary increases of 4.5% percent per year; and 3) 3.5% percent per year cost of living adjustments. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 30 years.

# Bridgeport Charter Township

## Notes to Financial Statements

### December 31, 2004

Three year trend information as of December 31 follows:

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Annual pension cost	\$ 152,413	\$ 140,451	\$ 115,953
Percentage of APC contributed	100%	100%	100%
Actuarial value of assets	3,852,601	3,706,587	3,723,936
Actuarial accrued liabilities	4,901,650	4,585,133	4,266,275
Unfunded AAL	1,049,049	878,546	542,339
Funded ratio	79%	81%	87%
Covered payroll	1,458,425	1,314,287	1,128,091
UAAL as a percentage of covered payroll	72%	67%	48%

#### NOTE 11 - DEFERRED COMPENSATION PLAN

The government Board offers all government employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans are held in trust by the Township. The plan balances and activities are reflected in the government's financial statements.

#### NOTE 12 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

#### NOTE 13 - PRIOR PERIOD ADJUSTMENT

The December 31, 2003 financial statements have been restated to account for the following changes in net assets that were not previously recorded in the prior audit. The following shows the effects

of the restatements on the balance sheet.

	<u>Original 2003</u>	<u>Restatement</u>	<u>Restated 2003</u>
<b>Governmental Activities</b>			
Net assets - beginning of year	\$ 3,242,897	\$ -	\$ 3,242,897
Due from other units of government	-	177,063	177,063
Capital assets, net	1,641,343	566,345	2,207,688
Accrued interest	-	(2,400)	(2,400)
Deferred revenue	-	166,888	166,888
Compensated absences	-	(45,400)	(45,400)
Net assets - beginning of year restated	<u>\$ 4,884,240</u>	<u>\$ 862,496</u>	<u>\$ 5,746,736</u>
<b>Component Unit</b>			
Net assets - beginning of year	\$ (182,380)	\$ -	\$ (182,380)
Deferred revenue	-	50,000	50,000
Net assets - beginning of year restated	<u>\$ (182,380)</u>	<u>\$ 50,000</u>	<u>\$ (132,380)</u>

**Bridgeport Charter Township**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes				
Property taxes	\$ 902,207	\$ 892,270	\$ 885,793	\$ (6,477)
Administration fee	89,274	77,400	74,760	(2,640)
Licenses and permits	325	465	541	76
Federal grants	-	91,740	91,741	1
State revenue sharing	1,108,277	1,013,690	1,008,543	(5,147)
State grants	13,200	19,175	19,703	528
Charges for services	103,800	91,340	87,421	(3,919)
Fines and forfeitures	16,500	20,750	22,502	1,752
Interest income	40,000	18,750	22,418	3,668
Rental income	58,500	46,720	46,929	209
Other revenue	40,300	44,210	58,756	14,546
Sale of fixed assets	75,505	67,600	67,600	-
Total revenues	<u>2,447,888</u>	<u>2,384,110</u>	<u>2,386,707</u>	<u>2,597</u>
<b>Expenditures</b>				
General government				
Township board	15,695	15,110	15,477	367
Supervisor	10,077	9,745	9,560	(185)
Manager	70,375	70,985	69,853	(1,132)
Accounting	52,130	48,775	48,468	(307)
Clerk	10,139	11,500	11,452	(48)
Audit	2,600	2,600	4,050	1,450
Board of review	1,280	1,200	1,399	199
Treasurer	10,009	11,465	13,197	1,732
Assessor	45,200	66,140	66,141	1
Elections	52,130	41,555	42,281	726
Buildings and grounds	152,776	168,745	174,038	5,293
Attorney	23,700	13,400	10,842	(2,558)
Total general government	<u>446,111</u>	<u>461,220</u>	<u>466,758</u>	<u>5,538</u>

**Bridgeport Charter Township**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Public safety				
Police	\$ 691,354	\$ 773,685	\$ 758,163	\$ (15,522)
Liquor law enforcement	6,700	6,700	6,700	-
Fire department	418,047	431,215	388,349	(42,866)
Total public safety	1,116,101	1,211,600	1,153,212	(58,388)
Public works				
Department of public works	164,182	156,300	145,069	(11,231)
Sidewalks	5,000	5,000	-	(5,000)
Drains	35,500	44,000	42,884	(1,116)
Highways, streets and bridges	196,900	147,675	171,403	23,728
Street lighting	81,000	88,660	75,068	(13,592)
Total public works	482,582	441,635	434,424	(7,211)
Community and economic development				
Planning	20,162	18,975	15,637	(3,338)
Zoning	1,448	150	67	(83)
Total community and economic development	21,610	19,125	15,704	(3,421)
Recreation and culture				
Parks and recreation	134,089	118,820	122,414	3,594
Library	4,892	4,895	4,892	(3)
Total recreation and culture	138,981	123,715	127,306	3,591

**Bridgeport Charter Township**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Other functions				
Insurance and bonds	\$ 24,000	\$ 25,240	\$ 25,239	\$ (1)
Unallocated employee fringe benefits	61,434	37,235	38,411	1,176
Tax tribunal refunds	10,000	10,200	10,145	(55)
Total other functions	95,434	72,675	73,795	1,120
Capital outlay	-	225,370	235,676	10,306
Transfers out	206,308	170,400	170,300	(100)
Total expenditures	2,507,127	2,725,740	2,677,175	(48,565)
Deficiency of revenues under expenditures	(59,239)	(341,630)	(290,468)	51,162
Fund balance - beginning of year	2,397,147	2,397,147	2,397,147	-
Prior period adjustment	-	-	177,063	177,063
Fund balance - beginning of year (restated)	2,397,147	2,397,147	2,574,210	177,063
Fund balance - end of year	<u>\$ 2,337,908</u>	<u>\$ 2,055,517</u>	<u>\$ 2,283,742</u>	<u>\$ 228,225</u>

**Bridgeport Charter Township**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**Refuse Collection Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 516,000	\$ 462,445	\$ 468,360	\$ 5,915
Interest income	13,000	1,860	2,847	987
Other revenue	9,000	10,245	10,272	27
Total revenues	<u>538,000</u>	<u>474,550</u>	<u>481,479</u>	<u>6,929</u>
<b>Expenditures</b>				
Current				
Public works	<u>550,000</u>	<u>512,825</u>	<u>507,002</u>	<u>(5,823)</u>
Total expenditures	<u>550,000</u>	<u>512,825</u>	<u>507,002</u>	<u>(5,823)</u>
Deficiency of revenues under expenditures	(12,000)	(38,275)	(25,523)	12,752
Fund balance - beginning of year	<u>522,578</u>	<u>522,578</u>	<u>522,578</u>	<u>-</u>
Fund balance - end of year	<u>\$ 510,578</u>	<u>\$ 484,303</u>	<u>\$ 497,055</u>	<u>\$ 12,752</u>

**Bridgeport Charter Township**  
**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2004**

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Cemetery</u>	<u>Building Inspection</u>	<u>Drug Enforcement</u>	<u>Williamson Debt Service</u>	<u>Junction Sewer Capital Projects</u>	
<b>Assets</b>						
Cash and cash equivalents	\$ 8,460	\$ 3,266	\$ 960	\$ 166,383	\$ 132,232	\$ 311,301
Receivables						
Taxes	-	-	-	41,810	-	41,810
Prepaid items	<u>1,149</u>	<u>4,453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,602</u>
Total assets	<u>\$ 9,609</u>	<u>\$ 7,719</u>	<u>\$ 960</u>	<u>\$ 208,193</u>	<u>\$ 132,232</u>	<u>\$ 358,713</u>
<b>Liabilities</b>						
Accounts payable	\$ 380	\$ 1,147	\$ 393	\$ -	\$ -	\$ 1,920
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,530</u>	<u>-</u>	<u>8,530</u>
Total liabilities	<u>380</u>	<u>1,147</u>	<u>393</u>	<u>8,530</u>	<u>-</u>	<u>10,450</u>
<b>Fund Balances</b>						
Reserved for:						
Debt service	-	-	-	199,663	-	199,663
Unreserved						
Undesignated	<u>9,229</u>	<u>6,572</u>	<u>567</u>	<u>-</u>	<u>132,232</u>	<u>148,600</u>
Total fund balances	<u>9,229</u>	<u>6,572</u>	<u>567</u>	<u>199,663</u>	<u>132,232</u>	<u>348,263</u>
Total liabilities and fund balances	<u>\$ 9,609</u>	<u>\$ 7,719</u>	<u>\$ 960</u>	<u>\$ 208,193</u>	<u>\$ 132,232</u>	<u>\$ 358,713</u>

**Bridgeport Charter Township**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2004**

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Cemetery	Building Inspection	Drug Enforcement	Williamson Debt Service	Junction Sewer Capital Projects	
<b>Revenues</b>						
Licenses and permits	\$ -	\$ 97,906	\$ -	\$ -	\$ -	\$ 97,906
Charges for services	12,185	-	-	-	-	12,185
Fines and forfeitures	-	-	4,955	-	-	4,955
Interest income	(41)	57	23	2,003	1,735	3,777
Other revenue	-	14	-	49,308	-	49,322
<b>Total revenues</b>	<b>12,144</b>	<b>97,977</b>	<b>4,978</b>	<b>51,311</b>	<b>1,735</b>	<b>168,145</b>
<b>Expenditures</b>						
Current						
General government	73,440	-	-	-	-	73,440
Public safety	-	199,974	10,848	-	-	210,822
Capital outlay	-	547	-	-	11,931	12,478
Debt service						
Principal retirement	-	-	-	21,091	-	21,091
Interest and fiscal charges	-	-	-	28,773	-	28,773
<b>Total expenditures</b>	<b>73,440</b>	<b>200,521</b>	<b>10,848</b>	<b>49,864</b>	<b>11,931</b>	<b>346,604</b>
Excess (deficiency) of revenues over expenditures	(61,296)	(102,544)	(5,870)	1,447	(10,196)	(178,459)

**Bridgeport Charter Township**  
**Other Supplemental Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2004**

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Cemetery</u>	<u>Building Inspection</u>	<u>Drug Enforcement</u>	<u>Williamson Debt Service</u>	<u>Junction Sewer Capital Projects</u>	
<b>Other financing sources</b>						
Transfers in	\$ 62,300	\$ 108,000	\$ -	\$ -	\$ -	\$ 170,300
Total other financing sources	<u>62,300</u>	<u>108,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,300</u>
Net change in fund balance	1,004	5,456	(5,870)	1,447	(10,196)	(8,159)
Fund balance - beginning of year	<u>8,225</u>	<u>1,116</u>	<u>6,437</u>	<u>198,216</u>	<u>142,428</u>	<u>356,422</u>
Fund balance - end of year	<u>\$ 9,229</u>	<u>\$ 6,572</u>	<u>\$ 567</u>	<u>\$ 199,663</u>	<u>\$ 132,232</u>	<u>\$ 348,263</u>

**Bridgeport Charter Township**  
**Other Supplemental Information**  
**Component Unit - Downtown Development Authority**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 275,000	\$ 325,050	\$ 307,089	\$ (17,961)
Interest income	16,000	6,745	11,495	4,750
Other revenue	-	18,160	18,182	22
Total revenues	<u>291,000</u>	<u>349,955</u>	<u>336,766</u>	<u>(13,189)</u>
<b>Expenditures</b>				
Current				
Community and economic development	101,641	103,890	102,489	(1,401)
Capital outlay	120,000	46,570	48,791	2,221
Debt service				
Principal retirement	45,000	45,000	45,000	-
Interest and fiscal charges	<u>53,359</u>	<u>53,495</u>	<u>53,493</u>	<u>(2)</u>
Total expenditures	<u>320,000</u>	<u>248,955</u>	<u>249,773</u>	<u>818</u>
Excess (deficiency) of revenues over expenditures	(29,000)	101,000	86,993	(14,007)
Fund balance - beginning of year	<u>990,203</u>	<u>990,203</u>	<u>990,203</u>	<u>-</u>
Fund balance - end of year	<u>\$ 961,203</u>	<u>\$ 1,091,203</u>	<u>\$ 1,077,196</u>	<u>\$ (14,007)</u>

**Bridgeport Charter Township**  
**Component Unit - Downtown Development Authority**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2004**

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<b>Net change in fund balances - Total governmental funds</b>	\$ 86,993
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Total change in net assets reported for governmental activities in the statement of activities  
is different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue  
in the funds.

Property taxes	1,680
Other revenue	4,700

Expenses are recorded when incurred in the statement of activities

Accrued interest	163
Compensated absences	(1,900)

Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in  
fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not  
affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds  
but reduces the liability in the statement of net assets.

Repayments of long-term debt	<u>45,000</u>
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<b>Change in net assets of governmental activities</b>	<u><u>\$ 136,636</u></u>
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**Bridgeport Charter Township**  
**Other Supplemental Information**  
**Schedule of Indebtedness**  
**December 31, 2004**

Description	Interest Rate	Date of Maturity	Amount of Annual Maturity	Interest	Interest	Total
<b>Governmental Activities</b>	4.750%	2005	\$ 21,091	\$ 14,010	\$ 13,509	\$ 48,610
General Obligation Bonds	4.750%	2006	42,182	13,509	12,507	68,198
1998 Drain Bonds	4.750%	2007	42,182	12,507	11,505	66,194
Amount of issue - \$ 825,000	4.750%	2008	42,182	11,505	10,503	64,190
	5.000%	2009	42,182	10,503	9,480	62,165
	5.000%	2010	42,182	9,480	8,436	60,098
	5.000%	2011	42,182	8,436	7,382	58,000
	5.000%	2012	42,182	7,382	6,327	55,891
	5.000%	2013	42,182	6,327	5,273	53,782
	5.000%	2014	42,182	5,273	4,218	51,673
	5.000%	2015	42,182	4,218	3,164	49,564
	5.000%	2016	42,182	3,164	2,109	47,455
	5.000%	2017	42,182	2,109	1,055	45,346
	6.800%	2018	39,543	1,055	-	40,598
			<u>\$ 566,818</u>	<u>\$ 109,478</u>	<u>\$ 95,468</u>	<u>\$ 771,764</u>

**Bridgeport Charter Township**  
**Other Supplemental Information**  
**Schedule of Indebtedness**  
**December 31, 2004**

Description	Interest Rate	Date of Maturity	Amount of Annual Maturity	Interest	Interest	Total
<b>Component Unit</b>	2.500%	2005	\$ 45,000	\$ 26,328	\$ 25,765	\$ 97,093
Downtown Development Bonds	3.000%	2006	45,000	25,765	25,090	95,855
Series 2002	3.000%	2007	50,000	25,090	24,340	99,430
Amount of issue - \$ 1,365,000	3.500%	2008	50,000	24,340	23,465	97,805
	3.750%	2009	55,000	23,465	22,434	100,899
	3.750%	2010	55,000	22,434	21,403	98,837
	4.000%	2011	60,000	21,403	20,203	101,606
	4.000%	2012	60,000	20,203	19,002	99,205
	4.000%	2013	65,000	19,002	17,702	101,704
	4.100%	2014	70,000	17,702	16,267	103,969
	4.200%	2015	75,000	16,267	14,693	105,960
	4.250%	2016	75,000	14,693	13,099	102,792
	4.375%	2017	80,000	13,099	11,349	104,448
	4.500%	2018	85,000	11,349	9,436	105,785
	4.600%	2019	90,000	9,436	7,366	106,802
	4.700%	2020	95,000	7,366	5,134	107,500
	4.750%	2021	105,000	5,134	2,640	112,774
	4.800%	2022	110,000	2,640	-	112,640
			<u>\$ 1,270,000</u>	<u>\$ 305,716</u>	<u>\$ 279,388</u>	<u>\$ 1,855,104</u>



3023 Davenport  
Saginaw, MI 48602  
Phone (989) 793-9830 / (800) 968-0010  
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**Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance  
with Government Auditing Standards**

To the Township Board  
Bridgeport Charter Township  
Bridgeport, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bridgeport Charter Township as of and for the year ended December 31, 2004, which collectively comprise Bridgeport Charter Township's basic financial statements and have issued our report thereon dated March 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Bridgeport Charter Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bridgeport Charter Township 's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Township Board, management and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

*Yeo & Yeo, P.C.*

March 18, 2005  
Saginaw, Michigan



3023 Davenport  
Saginaw, MI 48602  
Phone (989) 793-9830 / (800) 968-0010  
Fax (989) 793-0186

June 7, 2005

To the Township Board  
Bridgeport Charter Township  
Saginaw, Michigan

In planning and performing our audit of the basic financial statements of Bridgeport Charter Township for the year ended December 31, 2004, we considered the Township's internal control system to determine our audit procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of a few matters that are opportunities for strengthening internal controls and increasing operating efficiency. The following paragraphs summarize our comments and recommendations regarding those matters. This letter does not affect our report dated March 18, 2005, on the basic financial statements of Bridgeport Charter Township.

## **JOURNAL ENTRIES**

In reviewing journal entries it came to our attention that there is no review process for journal entries made. An individual should be assigned to look at them for proper amount, classification and for unusual items. This review process will take minimal time and needs to be done on a reoccurring basis. In addition, no support existed to support the journal entries made.

We recommend someone independent of data entry be assigned to print out a complete list of journal entries made each month to review and approve. The list should be initialed by the individual approving them. Also, all journal entries should be accompanied by full explanation and by reference to adequate supporting detail.

## **WATER/SEWER BILLING SYSTEM**

In reviewing the internal controls in the water and sewer department we found that the approval process of water/sewer adjustments can be improved. Currently, a hand written memo is being prepared for all adjustments to customer accounts and approved by the DPW Superintendent. Although all adjustments should be approved, the DPW Superintendent should be reviewing a computer generated list of adjustments to customer accounts. This will prevent any unapproved adjustments and provide the necessary controls over the billing system.

## **INVENTORY**

A physical inventory was not performed at year end for the water fund or equipment pool. In addition, at year end no listing of inventory existed to reconcile back to the trial balance. Inventory is tracked on a monthly basis though, by the DPW Superintendent, but no running total is kept. We recommend a physical inventory and inventory listing be completed on an annual basis to correspond with the Township's year end. This will provide the necessary documentation to substantiate the inventory balances.

Page 2

June 7, 2005

To the Township Board  
Bridgeport Charter Township  
Saginaw, Michigan

We would like to thank Mr. Dunnill and the entire Township staff for their assistance provided during this years audit. If you have questions or concerns regarding the comments or assistance in implementation of them, please feel free to contact myself at your convenience. We will review the status of our comments at our next engagement.

We appreciate the opportunity to serve the Bridgeport Charter Township.

Very truly yours,

Yeo & Yeo, P.C.  
CPAs and Business Consultants

A handwritten signature in black ink, appearing to read "David R. Youngstrom", with a stylized flourish at the end.

David R. Youngstrom, CPA